

1 that there was some cost savings. I do know that Hicks
2 intended on having fewer employees than Booth.

3 Q You were involved in some discussions along those
4 lines?

5 A No, not involved in discussions. I mean, I --

6 Q You received that information somehow.

7 A Yeah, I heard them. That doesn't mean I was
8 involved in the discussions. I do know, for example, Dave
9 decided to buy some automation equipment which was going to
10 cut out a person. And I mean an announcer. That's one
11 example that I know of. And that's really what I'm
12 thinking.

13 Q What automation equipment was that?

14 A I don't know. It was some automation equipment
15 that was purchased to -- so they could automate a shift at
16 night on the radio station, therefore, save some expenses.

17 Q Now, the actual purchase that you're talking about
18 would have taken place approximately when?

19 A I don't know. I think it was shortly after Dave
20 bought the station.

21 Q Well, just so we understand each other in terms of
22 bought, you mean at this point closed. Right?

23 A Yeah. Yes.

24 Q So, the purchase of this equipment would have
25 taken place in April or May of 1994?

1 A I believe so.

2 Q Alright. Are you also saying then that the plan
3 for the purchase of this equipment -- when did that come up?

4 A I don't remember at all. I mean, Dave may have
5 contemplated that for quite some time. I don't know.

6 THE COURT: You have to keep your voice up and
7 closer to the mike.

8 THE WITNESS: I really don't know when Dave
9 contemplated that. Sometime when he became interested in
10 the station and saw it as an opportunity to save money. I
11 don't know.

12 BY MR. SHOOK:

13 Q You don't know. Okay. Can you turn please to
14 Mass Media Bureau Exhibit 39? Now, first of all, am I
15 correct that pages 3 and 4 are essentially a copy of pages 1
16 and 2 with the exception of the handwriting that appears on
17 page 4?

18 A They appear to be the same except for that.

19 Q Alright. What does the handwriting on page 4
20 represent?

21 A This is a -- the amount that's to be paid is
22 circled. The check number's there, 29703. Date of May 18
23 is when it was paid. My initials are on it. And the
24 account number, 3.7653, is where it was charged to.

25 Q Is this a document -- do you recall receiving this

1 document from Hicks, or do you recall receiving it from the
2 Irwin, Campbell & Crowe law firm?

3 A Well, I don't really recall receiving it. But I
4 would gather I received it from Dave Hicks.

5 THE COURT: But you don't recall?

6 THE WITNESS: No, but I see the address on it.
7 The address is Dave Hicks. If they mailed it, I'm sure it
8 came through him.

9 THE COURT: But you're only speculating. You
10 don't recall from who you received this document?

11 THE WITNESS: Let me say that when this account --
12 I know that Dave Hicks wanted to see all attorney bills from
13 Irwin, Campbell. They go to his home. He approves them and
14 sends them up. It's been that way since day one and still
15 is. So, therefore, I really believe that this came through
16 him. And it's got his address on it. So, that's why I say
17 that.

18 BY MR. SHOOK:

19 Q Do you recall having any conversation with Mr.
20 Hicks about this bill?

21 A No, I don't recall. I will -- I'd like to add,
22 though. It was actually charged -- that account is a WRBR
23 account, 3.7653.

24 Q That's the handwritten reference that appears on
25 page 4 in the --

1 A Yes --

2 Q -- lower center of the page?

3 A Yes. That's a WRBR account, Hicks Broadcasting
4 account.

5 THE COURT: Why were you approving an item for
6 Hicks Broadcasting?

7 THE WITNESS: Well again, it's just kind of a
8 procedure we set up in payables so that people know that I
9 have seen all attorneys' bills. It's just -- I don't have
10 to approve everything, but I do want to see them all.

11 Now, when it goes to payables to be paid, if they
12 don't see my initials, they'll give it back. Now, normally
13 and I've got bill after bill after bill that do approve --
14 that do have Dave Hicks' initials on them approved for
15 payment. This one I don't know precisely why his initials
16 aren't on it, but I very well may have talked to him about
17 it. I don't recall.

18 THE COURT: No, that's not my question. My
19 question is why were you involved in the approval of an
20 invoice to Mr. Hicks? What was your position with Hicks
21 Broadcasting?

22 THE WITNESS: Nothing -- okay. Other than I did
23 not change the -- I mean, Hicks Broadcasting bills are paid
24 in the accounts payable department of Pathfinder
25 Communication Corporation. I did not change that procedure

1 with accounts payable. In other words, I want -- I just
2 didn't say you exclude Hicks' bill from the procedure. I
3 just said all attorneys' bills have to have my initials.
4 And so, I put my initials on it and passed it on, or they
5 wouldn't have paid it. They would have kicked it right back
6 to me.

7 THE COURT: Well, did you have any discussions
8 from Mr. Hicks how bills were to be handled -- legal bills
9 were to be handled --

10 THE WITNESS: Oh, yes.

11 THE COURT: -- for Hicks Broadcasting?

12 THE WITNESS: Yes, yes. Now, this was fairly
13 early on, but even this bill went to Dave Hicks' home at
14 that time.

15 THE COURT: Well, I'm not questioning that. I'm
16 questioning why you wound up with it or approving it.

17 THE WITNESS: Oh, okay. I'll try to -- try to
18 explain again. Dave gets these bills. He approves them. I
19 don't know why his initials aren't on this one, but let's
20 say the general procedure is he approves them. He sends
21 them to me. And as part of the procedures, Pathfinder
22 Communication Corporation pays Hicks' bills for them and
23 then charges a receivable to Hicks.

24 Part of the procedure in the accounts payable
25 office of Pathfinder is that accounts payable will not pay a

1 bill without my initials on it regardless of who it's for.
2 Therefore, I put my initials on it so that -- to make sure
3 that they would get paid.

4 THE COURT: And when was this procedure
5 established?

6 THE WITNESS: Oh, that's been that way for -- ever
7 since I've been with the company.

8 THE COURT: No, no. When was the procedure
9 established whereby Hicks' bills go through your accounting
10 department?

11 THE WITNESS: Okay.

12 THE COURT: By you.

13 THE WITNESS: Alright. That -- we're getting into
14 the area now that early in December -- early in -- excuse
15 me. February or March, late February, early March, Dave and
16 I sat down and went over a lot of things with -- assuming
17 that the grant was going to take place, and it was going to
18 be coming sometime, we went over -- he had to set up some
19 things. How is the accounting going to do? How is the
20 bills going to be paid? What are going to be their employee
21 benefits and insurance and all kinds of things that he had
22 to establish as going to be an operator of this radio
23 station.

24 And at that time, we entered into an accounting
25 service agreement whereby Pathfinder would already set up --

1 we already had systems set up and forth so we could do the
2 accounting for them. We also paid -- would pay the bills
3 and charge them as a receivable. We paid the bill, charged
4 them and they in turn, owed Pathfinder for it.

5 At that time, Hicks also adopted Pathfinder's
6 employee benefits. And we went to counsel -- we went to
7 Alan Campbell and counsel, and he blessed that procedure,
8 said that it was okay, no problem, and that's what was done.
9 So, that procedure of getting it through our -- into our
10 accounts payable department, that's how it was set up. Was
11 the most efficient, easy way to do.

12 Many of the bills were -- not this one, but many
13 of the bills were already joint bills because of the Joint
14 Operating Agreement. They were shared bills. And rather
15 than have two accounts payable runs, they were done
16 together. But the main thing, the Accounting Service
17 Agreement was entered into that provided for that service.

18 THE COURT: And what, if anything, would
19 Pathfinder be paid for both for performing these services?

20 THE WITNESS: It started off at \$700 a month. And
21 then it was increased at a later time to a \$1,000 a month.
22 So, it was determined we were spending -- having to spend
23 more time than contemplated.

24 THE COURT: Go ahead, Mr. Shook.

25 MR. SHOOK: So Your Honor is aware, we will get to

1 a number of those matters. In any event, the Bureau offers
2 Exhibit 39.

3 THE COURT: Any objections?

4 MR. GUZMAN: None, Your Honor.

5 MR. HALL: No, Your Honor.

6 THE COURT: Bureau Exhibit 39 is received.

7 (The document referred to was
8 marked for identification as
9 Mass Media Bureau Exhibit 39,
10 and was received in evidence.)

11 BY MR. SHOOK:

12 Q Mr. Watson, could you please turn to Bureau
13 Exhibit 42? Essentially, we have the same situation as with
14 the last bill, but there is one thing I want to focus your
15 attention on. And that is when you get to page 2 --

16 A Yes --

17 Q -- there's a reference there that appears to be a
18 "OK." What is it that you're okaying?

19 A It's the same -- it's under the same -- very same
20 circumstances before. I'm okaying the bill so that accounts
21 payable would pay the bill. If my initials weren't on it,
22 they would just kick it back. They wouldn't pay it.

23 Q Okay. And it's your testimony that there's no
24 particular significance to the fact that there's nothing on
25 this bill handwritten from Mr. Hicks to tell you whether or

1 not to pay the bill?

2 A Well, I think it is. There's no significance
3 other than it should be there and normally is. You know,
4 maybe there was a note attached. Often Dave would attach
5 notes to the bills. Sometimes he'd -- maybe he attached a
6 note to it. And it's not here. I don't know.

7 I do know that if he attached notes to it, then
8 him and I probably had a discussion asking to put his okay
9 right on the bill because I got a bill for almost every
10 month of 1994 with his okay on it. These are a couple that
11 don't have it. I may even have called him on the phone to
12 talk to him. We talked all the time.

13 Q And with respect to the --

14 A But it would not have been paid by payables had my
15 initials not been on it.

16 Q Alright. Well, just a couple of follow-ups to
17 what you had said, though. When you were speaking with Mr.
18 Hicks, you had mentioned that it was on the telephone and
19 that it was with some frequency.

20 A Well, I said I may have called him on this. I
21 mean, he also -- I mean, occasionally I would see him. So,
22 both, either saw him in person or -- oh, if it had been in
23 person, I would have probably made sure I get his initials
24 on it. So, I assume I -- I may have called him, yeah,
25 often.

1 Q Well, what I'm getting at is with respect to the
2 telephone conversations. Let's focus on the year 1994 if we
3 can. And I realize that may be difficult, so let's do the
4 best we can with this.

5 Would you have any pattern in terms of how often
6 you spoke with Mr. Hicks on the telephone?

7 A No, no particular pattern.

8 Q You didn't have a once-a-week phone date, if you
9 will?

10 A No.

11 Q Or once-a-month phone date?

12 A Not a date. I mean, I may have some weeks talked
13 to him three times, and sometimes I talked to him every
14 other -- every other week. There was no specific date.
15 Depending on what came up.

16 Q But to get an idea of the general frequency of the
17 conversations, you would be speaking with Mr. Hicks on the
18 phone approximately how many times per month during the year
19 1994?

20 A At least monthly.

21 Q At least once a month?

22 A I would say.

23 Q Now, was there any pattern to whether you would
24 call him or he would call you?

25 A No.

1 Q It could be either way?

2 A Yes, depending on the circumstances.

3 Q And when you called him, was there a particular
4 location at which you would reach him?

5 A Well, various times. I mean, sometimes he'd call
6 me from the stations. Sometimes I'd call him at that
7 stations. Sometimes I'd call him at home. Sometimes he'd
8 call me from home. I mean, it's really all over the board.

9 Q But I mean if you were calling him at home, you're
10 referring to his home in Michigan. Right?

11 A Yes, his home which is a short distance away.

12 Q It's still a long distance toll call, isn't it?

13 A From my -- yeah, I'd say.

14 Q I mean, it's not a local call?

15 A It's not a local. You got to remember. We're in
16 northern Indiana. We're only about eight miles from the
17 Indiana line. You call Michigan 10 miles, it's going to be
18 long distance.

19 Q But I mean --

20 A In answer to your question, yes, it's a long
21 distance call.

22 Q Right. And if you were calling Mr. Hicks when he
23 worked at the Crystal Radio Stations, that would also be a
24 long distance call?

25 A Yeah, but I don't -- when he worked there or I

1 called him there? Which are you asking?

2 Q Well, I'm just trying to understand. Did you call
3 him there?

4 A No.

5 Q Oh, you never called him there?

6 A Not that I recall.

7 Q So, when you called Mr. Hicks during the early
8 part of 1994, "early", meaning the first seven-and-a-half
9 months, because we have it in the record he was working at
10 Crystal up until the middle of July. Are you telling us
11 that you would call him at his home?

12 A Yes. His home or he would stop by or we'd see --
13 at the station. But yeah, I called him at his home and
14 still do sometimes, quite often.

15 Q Right. No, I'm not asking about now. I'm trying
16 to get you to remember what might -- what happened in 1994.

17 A Well, I'm sorry I can't remember exactly how often
18 I talked to him. Whenever the reason or the need arose, or
19 whenever it arose for him to talk to me. And sometimes we'd
20 get -- I mean, like these attorney bills, he'd just mail to
21 me -- mail them to me with approval. I didn't call him on
22 them. He'd write a little note on them sometimes.

23 Q Now, when you talked about the station -- when you
24 were calling him at the station, what are we talking about
25 here?

1 A What do -- what do you mean what are we talking
2 about here?

3 Q Well, you had mentioned you would call him at his
4 home. Right?

5 A Yes.

6 Q And then you mentioned that you would call him at
7 the station. And I was just trying to determine what
8 station we're talking about here.

9 A Depending on what I had to talk to him about, if I
10 called him at home and his wife said he was at the station,
11 WRBR, then I may call him over at the station.

12 Q I see. This is during 1994?

13 A Yeah. I mean, maybe not a lot, but yeah. I don't
14 know how many -- yes.

15 Q Then at least to call to the station if you were
16 calling WRBR, that's a local call?

17 A Correct.

18 Q But to the extent you would call him at his house,
19 there would be a record of that?

20 A Yes, well it seemed so.

21 MR. SHOOK: Alright. Your Honor, the Bureau
22 offers Exhibit 42.

23 THE COURT: Any objection?

24 THE WITNESS: Excuse me. One thing. I'm not
25 positive there'd be a record of that thing on the phone

1 system, okay? Whether -- depending on the PBX system and
2 that kind of thing. I just don't -- I assume there's a
3 record. That you can tell -- the toll calls, I think you
4 can see them all.

5 THE COURT: Any objection to 42?

6 MR. GUZMAN: Your Honor, I'm confused. My Exhibit
7 42 is a check from Dave Hicks to Alan Campbell. Is that
8 what's being offered?

9 THE COURT: No. What's being offered is a bill
10 for legal services.

11 MR. SHOOK: That check should be Exhibit 41.

12 MR. GUZMAN: I see.

13 MR. SHOOK: It's conceivable certain things got
14 out of order.

15 MR. GUZMAN: The bill you're offering as Exhibit
16 42 is dated February 2, 1994?

17 MR. SHOOK: Correct. Invoice No. 11719. And
18 there are two pages. There are identical copies but for the
19 writing that appears on the second page.

20 MR. GUZMAN: Okay. I have that. And that should
21 be Exhibit 42?

22 MR. SHOOK: Yes.

23 MR. GUZMAN: No objection to that, Your Honor.

24 THE COURT: The Bureau's exhibit is received.

25

1 (The document referred to was
2 marked for identification as
3 Mass Media Bureau Exhibit 42,
4 and was received in evidence.)

5 BY MR. SHOOK:

6 Q Mr. Watson, please turn to Mass Media Bureau
7 Exhibit 43.

8 A Okay.

9 Q Do you recognize this bill?

10 A Yes.

11 Q And the "OK" and the initials are yours?

12 A Yes.

13 Q And that reference number there is to the -- what
14 is it, the special account --

15 A The special projects account for Pathfinder,
16 correct.

17 Q Now, with respect to this invoice No. 43, it was
18 your decision as to when it would be paid?

19 A Yes. That's the date down in the left-hand
20 corner.

21 Q The left-hand corner?

22 A That's correct. You said when it would be paid.

23 Q Yes, sir.

24 A That's the date down in the left-hand corner.

25 Q Now, I want to direct your attention to the date

1 that's referenced for the services, February 15, 1994. Do
2 you see that?

3 A Yes.

4 Q Now, given the description -- the description, of
5 course, isn't terribly elaborate here. Do you have any
6 recollection as to what this bill is for?

7 A Well, it's for legal services rendered on February
8 15. And as it refers to amendment, I'm thinking that it
9 probably refers to -- and I believe it's referring to the
10 amendment that was needed to be signed by John Dille. And
11 attached to the -- and made an amendment to the application
12 of Hicks Broadcasting.

13 Q And you were involved in a telephone conversation
14 with Mr. Campbell to that extent?

15 A It says that I was here. I don't remember the
16 conversation, no. But it says I was. I don't remember the
17 conversation.

18 Q You don't recall the substance of any conversation
19 that you might have had with Mr. Campbell on the subject?

20 A I don't remember the phone call. I remember the
21 subject matter.

22 Q And what do you remember of that?

23 A Well, I remember that the Bureau had asked for an
24 amendment to the application, and that Alan Campbell
25 prepared the amendment and sent it to either John or to me,

1 through; to one of us. It might have come to me -- given to
2 John to sign. And that's all I remember.

3 Q Do you remember discussing why it was the Bureau
4 would want such an amendment?

5 A No.

6 Q Do you remember talking with Mr. Dille as to why
7 the Bureau would want such an amendment?

8 A No.

9 MR. SHOOK: The Bureau offers Exhibit 43.

10 THE COURT: Any objection?

11 MR. GUZMAN: None, Your Honor.

12 THE COURT: The exhibit is received.

13 (The document referred to was
14 marked for identification as
15 Mass Media Bureau Exhibit 43,
16 and was received in evidence.)

17 BY MR. SHOOK:

18 Q Could you please turn to Exhibit 44? Turning to
19 page 4, the "OK" and the initials are yours?

20 A That's correct.

21 Q And that account number referenced there in the
22 center of the page is for the WRBR account?

23 A Yes.

24 Q And then the number to the right-hand portion of
25 the page that's handwritten there, that's the check number

1 and the date?

2 A That's correct.

3 Q Now, there is some additional writing here. It
4 appears in the upper left-hand portion of page 4. Do you
5 have any knowledge as to what that represents?

6 A I really don't know what that is. I'm a little
7 stumped.

8 Q The reason I was asking was that it doesn't appear
9 on page 2.

10 A No, I noticed that on another bill, too, that
11 we've looked at today. I don't know exactly what it is. It
12 might have been something to do with the payable system or
13 what run it was in. That's what would be my guess. I don't
14 know what it is.

15 Q Alright. Would it be your testimony that you
16 received Mr. Hicks' authorization to pay this bill?

17 A Yes.

18 Q Explicit authorization?

19 A I believe I would have, because it had to be sent
20 to me from him. And I just -- in fact, I would be surprised
21 if there wasn't a note attached to it or -- and it's not
22 here. But if I had the bill, I might find a note attached
23 to it.

24 MR. SHOOK: Alright. Your Honor, the Bureau
25 offers Exhibit 44.

1 THE COURT: Any objection?

2 MR. GUZMAN: None, Your Honor.

3 MR. HALL: None, Your Honor.

4 MR. CRISPIN: I don't have an objection, Your
5 Honor, but I just -- I'm just trying -- this is the
6 second -- at least the second time it's happened. Is there
7 any way just as a foundation we can get an explanation as to
8 why -- and maybe I missed something. There are two bills,
9 one with the witness's hand markings on then, and the other
10 appears to be a clean copy. Since they are going into the
11 record, and I just pick up the first time because I didn't
12 know this was going to keep repeating itself.

13 THE WITNESS: I didn't either.

14 MR. CRISPIN: So, I don't have any objection, but
15 so that we have a clear record in case it comes up some day,
16 is there any way we can find out why there are two copies,
17 one with markings and one without?

18 THE COURT: Mr. Shook?

19 MR. SHOOK: Your Honor, I'm perfectly happy for
20 Mr. Crispin or anybody else to formulate such a question if
21 they feel need for it.

22 THE COURT: Where do these copies come -- the
23 unmarked copy come from? Was this something that was
24 supplied to you, or something you made a copy of or what?

25 MR. SHOOK: Well, Your Honor, if you recall, we

1 had a discussion briefly about a different set of documents.
2 And there were -- they had borne a Bates stamp number on the
3 bottom right. And in this case and the earlier cases
4 relative to these legal bills, I believe we have the same
5 situation. And it was explained by Mr. Guzman whether or
6 not such markings had any particular significance.

7 THE COURT: Well, the question is why you're
8 introducing two copies of the same document with the
9 exception of the markings. That's really the question. Why
10 is this cluttering the record -- extra copies? Showing one
11 with the markings and one without the markings?

12 MR. CRISPIN: Your Honor, I'm even suggesting that
13 I don't know. I honestly don't know the answer to this, and
14 I don't know if we need to voir dire this witness or
15 whatever. But the -- it does -- I do know in this
16 particular exhibit that the clean copy bears a Hicks stamp,
17 and then the marked copy bears a Pathfinder stamp, which
18 leaves the pregnant question of whether there was one coming
19 from the Hicks files, one coming from the Pathfinder files,
20 which may have evidentiary value as to who is receiving
21 these bills and how they were handled.

22 And I would just like to just have a clean record
23 as to how that's being done.

24 THE COURT: Maybe the witness can supply the
25 answer. I don't know.

1 THE WITNESS: I can supply part of it.

2 THE COURT: Go ahead.

3 THE WITNESS: Okay. I can tell you that page 3
4 and 4 in this particular exhibit came from the file that we
5 keep on Hicks Broadcasting's attorneys' bills. Okay?
6 That -- so, that came -- I mean, that was part of the
7 production of documents.

8 Now, where page 1 and 2 came from, I don't know.
9 I could only speculate, and I don't know that you want me to
10 do that. I could tell you where I think it came from.

11 THE COURT: Where do you think it came from?

12 THE WITNESS: It may have come from Alan
13 Campbell's file since it's blank in again, in the production
14 of documents.

15 MR. GUZMAN: Your Honor, if I might add I can
16 certainly confirm that pages 3 and 4 were produced by
17 Pathfinder or produced on behalf of Pathfinder by Latham &
18 Watkins.

19 THE COURT: Who supplied pages 1 and 2?

20 MR. WERNER: I can confirm that pages 1 and 2 were
21 supplied by Verner, Liipfert on behalf of Hicks
22 Broadcasting, Your Honor.

23 THE COURT: Do you know what the source of
24 these --

25 MR. WERNER: I believe. I could check our

1 records. I'm pretty certain that these came out of Alan
2 Campbell's files.

3 MR. SHOOK: Who, in turn, is expected to be a
4 witness in this proceeding. And if that is the case, can
5 certainly verify that that's the case.

6 THE COURT: Alright. I don't think it makes a
7 difference where the other bill -- at least we have some
8 explanation which is what I --

9 MR. WERNER: It's still a question, I guess a
10 question as to what the purpose for having the two documents
11 in there since presumably, Mr. Campbell would be able to
12 testify as to the marked document, as well.

13 THE COURT: Well, they're in. It would be more
14 trouble to try to take them all out.

15 MR. CRISPIN: Thank you, Your Honor. I'm sorry.
16 I just didn't understand.

17 THE COURT: Alright. I assume there's no
18 objection to -- Mr. Crispin, you didn't object to --

19 MR. CRISPIN: No, I did not.

20 THE COURT: -- 44. Alright. Exhibit 44 is
21 received.

22 (The document referred to was
23 marked for identification as
24 Mass Media Bureau Exhibit 44,
25 and was received in evidence.)

1 THE COURT: Alright. Let's take a luncheon
2 recess.

3 (Whereupon, the hearing was recessed, to reconvene
4 this same day, Thursday, October 22, 1998.)

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1 A F T E R N O O N S E S S I O N

2 THE COURT: Please be seated.

3 MR. JOHNSON: Judge Chachkin, before examination
4 of the witness is resumed, can I raise with you a scheduling
5 matter that Counsel have discussed amongst each other over
6 the lunch hour? I'm sorry to say that Mr. Bernthal's mother
7 suffered a serious heart attack this morning. You may have
8 noticed that he had to leave the proceeding, which is
9 saddening to all of us, but also presents a scheduling
10 difficulty that we'd like to propose a solution to.

11 Mr. Bernthal, as our lead counsel, was primarily
12 involved in the early witnesses that we had intended to call
13 when the Bureau rests its case; Mr. Giddens, Mr. Dille and
14 others. The Bureau, I think, expects that its examination
15 of Mr. Watson will continue at least through tomorrow, most
16 likely into Monday. We also anticipate that, with the
17 Bureau's consent, we would conduct a rather lengthy
18 examination of Mr. Watson at the conclusion of that so as to
19 avoid the necessity of recalling him.

20 I think it's fair to say, therefore, that the
21 Bureau's case will, with our cross-examination and Hicks
22 cross-examination will continue into the early part of next
23 week. As Your Honor knows, Mr. Hicks is also unavailable
24 because he needs medical treatment on Tuesday and Wednesday
25 of next week.

1 What Counsel have agreed is workable from our
2 perspective and would like to suggest to you, is at the
3 conclusion of the Bureau's case, at whatever point that
4 occurs next week, that we adjourn the proceeding until
5 Monday morning, the following Monday morning. That would
6 accomplish, I think, three objectives for us that are
7 efficient.

8 The first, is it would enable Mr. Hicks to seek
9 the medical treatment that he's committed to receive. It
10 would give us an opportunity either to have Mr. Bernthal
11 return or for us to learn that he is not returning and to
12 reassign that part of the case, which he is responsible for
13 and which is the critical and key part of our case. It
14 would also give us time to notify the witnesses who are
15 traveling from out of town about a change in schedule with
16 enough time for them to accommodate that.

17 Having taken the liberty of discussing that
18 amongst all the counsel here and we are in agreement that
19 that works on our schedule, but of course, we've had no
20 opportunity to inquire of you about yours. So, I float this
21 suggestion to you.

22 THE COURT: Well, how long do you anticipate your
23 case is going to take?

24 MR. JOHNSON: Well, Mr. Watson was going to be a
25 substantial part of our case, and we're proposing to

1 conclude him as part of this. Having said that, I would
2 still be surprised if it didn't take six to eight trial
3 days.

4 THE COURT: The Bureau is agreeable to this?

5 MR. SHOOK: Your Honor, the Bureau is willing to
6 accommodate the other parties with respect to this.

7 THE COURT: And you anticipate Mr. Watson is going
8 to take you through until tomorrow?

9 MR. SHOOK: I believe we would certainly get well
10 into tomorrow before we finish, if not go all the way
11 through tomorrow. We have a lot of material to cover.

12 THE COURT: Alright. We'll follow that procedure.

13 MR. JOHNSON: Thank you, Your Honor.

14 Whereupon,

15 ROBERT A. WATSON

16 having been previously duly sworn, was recalled as a witness
17 herein and was examined and testified as follows:

18 FURTHER DIRECT EXAMINATION

19 BY MR. SHOOK:

20 Q Mr. Watson, we're going to be back in Volume 1 --

21 THE COURT: Before we do that, I should indicate
22 that maybe you need for me -- if the case is still going on
23 the 9th, which is the day before -- I mean, the 10th, the
24 day before a holiday, maybe it will be necessary for me to
25 leave at 12:00. That's the only problem I have.

1 MR. JOHNSON: Thank you, Judge.

2 THE COURT: Alright.

3 MR. JOHNSON: Thank you.

4 BY MR. SHOOK:

5 Q Mr. Watson, I would like to direct your attention
6 to Mass Media Bureau Exhibit 1, page 41.

7 A Forty-one?

8 Q Yes, sir. Do you notice, sir, that in the lower
9 left portion under the letters ENCS, there's a "cc" that has
10 your name?

11 A Yes.

12 Q Do you recall receiving a copy of this letter on
13 or about February 17, 1994?

14 A No, I do not. To my knowledge, I never received
15 this letter until -- I never saw this letter until we were
16 answering the letter of inquiry from the Commission, in
17 approximately April of '97.

18 Q Right. The Commission's letter of inquiry went to
19 you, I believe, some time in March of 1997.

20 A Right. So, it was at that time. Well, excuse me.
21 In fact, it was faxed to me by Alan Campbell in March of
22 '97. I remember that because I do remember the fax marks on
23 the letter. I never recalled seeing this letter.

24 Q But it would be that in February of 1994, you
25 don't recall seeing this letter?

1 A That is correct.

2 Q Now, directing your attention to page 40 of that
3 exhibit, so just one page before, did you see a copy of this
4 letter or a predecessor letter on or about February 22,
5 1994?

6 A Yes.

7 Q Did you discuss the subject of this letter with
8 John Dille on or about the date of its sending?

9 A I have no recollection of ever discussing it with
10 him. I do remember the subject matter. I remember the
11 amendment, and I remember -- I may have even passed it on to
12 John, but I don't remember discussing the subject matter.

13 Q Perhaps "discussing" is an inappropriate word
14 here. Do you remember talking with John Dille about this
15 letter?

16 A Not really, no. No, no. No, I really don't
17 remember discussions.

18 Q Alright. Now, we're going to go to the other
19 volume of exhibits. Could you please turn to Mass Media
20 Bureau Exhibit Number 45? Oh, excuse me. There was one
21 question I wanted to ask you about Exhibit Number 1, page 40
22 that I had not asked you. I apologize for that.

23 Did you have any conversations with David Hicks
24 about Mr. Dille's statement?

25 A No.

1 Q Are you aware of whether or not Mr. Dille and Mr.
2 Hicks had any conversations about the subject?

3 A No, I'm not.

4 Q Alright. Now, please turn to Mass Media Bureau
5 Exhibit Number 45. On the first page of the document, there
6 is a reference in the upper left-hand corner. It looks like
7 a check mark. And it appears to be the name Eileen.

8 A Yes.

9 Q Can you tell me what that's about?

10 MR. HALL: Sorry, Counsel. What page are we on?

11 MR. SHOOK: It's a two-page exhibit. Mass Media
12 Bureau Exhibit Number 45.

13 THE WITNESS: Whenever there's an "X" and a name
14 up in the left-hand corner of a bill, that means that when
15 the bill -- after the bill is paid, it gets x'd back or it
16 gets sent back, so to speak, to the person whose name is on
17 there. Eileen is my assistant, and she keeps a file on all
18 attorney bills.

19 BY MR. SHOOK:

20 Q Now, the marking on the middle of the page, the
21 "OK" and it's underlined, and then the initials, that's you,
22 right?

23 A That's correct.

24 Q There are some -- it appears that the amount of
25 the statement is broken up into two parts. Could you tell

1 me what that represents?

2 A Well, it represents -- both accounts are accounts
3 of WRBR. The 35483.1 is legal expense, and the 37 --
4 whatever. I can't read that other one. 3765, I think, 2,
5 or -- that account represents a balance sheet account or an
6 asset account, and would have to be written "expensed" over
7 a five-year period, as opposed to "expensed" all at one
8 time.

9 Q Now, moving down on the page, it appears the "Am.
10 Exp." -- is that an American Express reference?

11 A No.

12 Q What is that?

13 A No, it means April expense.

14 Q April expense. Excuse me. Okay. And then the
15 pay date, the June 15, 1994, is that your handwriting?

16 A Yes. That signifies when the date -- the
17 approximate date to pay the bill.

18 Q Now, this was a bill that was recovered -- the
19 services that appear on page 2?

20 A Yes, probably. I mean, I'd say so, yes. These go
21 together.

22 Q Okay. And the references to Mr. Watson or to Bob
23 Watson in here refer to yourself?

24 A I'm sure they are.

25 Q In other words, you were involved with Barnes and

1 Thornburg with respect to matters concerning Hicks?

2 A Yes. I -- yes.

3 MR. SHOOK: Alright. Your Honor, the Bureau moves
4 Exhibit 45.

5 THE COURT: Any objections?

6 MR. HALL: No, Your Honor.

7 MR. GUZMAN: None, Your Honor.

8 THE COURT: Exhibit 45 is received.

9 (The document referred to was
10 marked for identification as
11 Mass Media Bureau Exhibit 45,
12 and was received in evidence.)

13 BY MR. SHOOK:

14 Q Now, I want to focus your attention on the second
15 page of the bill a little bit here. The reference there to
16 February 24 -- it's the top reference. Do you know how it
17 came about that Barnes and Thornburg prepared limited
18 liability company articles of incorporation as reflected in
19 that entry?

20 MR. HALL: Actually, it says "organization,"
21 Counsel, just so the record is clear.

22 BY MR. SHOOK:

23 Q Okay. "Prepared limited liability company
24 articles of organization." Thank you.

25 A Well, in anticipation of the closing -- on Hicks

1 Broadcasting's closing on -- the purchase of WRBR, it was
2 either Dave Hicks or Rick Brown or together they decided
3 that the entity was going to be a limited liability company.
4 And a limited liability company was fairly new at that time,
5 particularly in Indiana. And they asked for -- they wanted
6 an Indiana attorney to prepare the document, and they asked
7 me if I knew anyone that could do that. And I knew Barnes
8 and Thornburg. I knew Sam Thompson, particularly over
9 there, and asked him, on behalf of Hicks Broadcasting, to
10 set up the operating entity of Hicks Broadcasting Limited
11 Liability Company.

12 Q Now, I want to focus your attention on the first
13 reference there to March 23, 1994. It makes reference there
14 to a revision to LLC Operating Agreement providing for
15 "call" options. Do you know how it came about that the call
16 option was introduced into the draft Operating Agreement as
17 reflected in the March 23 entry?

18 A Well, it was -- it was around that time that there
19 was some -- started to be some agreement, I guess, on the
20 call option. And I believe at that time -- I'm pretty sure
21 that what we ended up doing -- Pathfinder had an arrangement
22 or had an agreement -- excuse me -- with another company
23 where there was basically a buy-out provision at one time.
24 And that particular company was called JAM Communications
25 Inc. And there was -- it was basically a 50 percent

1 shareholder was somebody else, and 50 percent shareholder
2 was John.

3 So, it was a call provision which we were aware of
4 at that time. And I believe we took a copy of that and
5 proposed that as a call that would be part of the Operating
6 Agreement -- the LLC Operating Agreement. And that's where
7 that came from. It was right around that time. I mean that
8 timeframe.

9 Q Now, with respect to the references to your name
10 on the bill here, are you representing Hicks Broadcasting of
11 Indiana, LLC at this point?

12 A Well, I'm -- at this -- keep in mind this
13 operating agreement not only establishes the entity, but
14 it's the operating arrangement for this -- for the members.
15 So, I'm really acting on -- I mean, I'm reviewing this --
16 the setting up of the company was kind of minor. I'm
17 reviewing the agreement from the standpoint of the minority
18 members.

19 Q Those being the Dille children?

20 A That it was being reviewed all the time and
21 considerably by Dave counsels -- Dave Hicks' counsel, Rick
22 Brown. So, yes, I was on behalf of the minority
23 shareholders -- members, excuse me.

24 Q Do you know how it is then that the entire bill is
25 being directed to the entity itself, as opposed to perhaps

1 being split between Hicks Broadcasting of Indiana on the one
2 hand and the Dille children on the other?

3 A I think this is the way it would be done in almost
4 any instance. An attorney established the entity. What
5 establishes the entity is the Operating Agreement. It has
6 to be filed with the state. It's all -- I mean, I think
7 they considered Hicks Broadcasting as -- that was the
8 company they were setting up. That's who got the bill.

9 Q Alright. Please turn to Mass Media Bureau Exhibit
10 Number 46. Again, the reference on the first page, the "OK"
11 is from you?

12 A Yes.

13 Q And the account number referenced there is WRBR
14 account?

15 A Correct.

16 Q And the -- is that -- well, what is the writing on
17 the lower left?

18 A That's -- it's a May expense meaning this bill
19 should be charged to RBR in the month of May. And it should
20 be paid on or around July 13.

21 Q Now, I notice that this bill and the previous
22 exhibit that we looked at were addressed to you. If you
23 could take a look at the address on Mass Media Bureau
24 Exhibit 45, and on 46, you'll notice that's to you.

25 A Yes.

1 Q Right?

2 A Yes.

3 Q Do you know whether a copy of these bills were
4 sent to Mr. Hicks?

5 A I don't know if I sent a copy to him or not. I
6 may have talked to him about them. I don't remember. It's
7 the kind of bill that he knew, though, was coming. I mean,
8 he knew that a bill was coming from Barnes and Thornburg
9 because of the work that they did. And why they sent it to
10 me, I don't know. Hicks -- first of all, I was the one that
11 knew more about their services that had been provided. I
12 knew -- I mean, I knew as much as anyone because I had, on
13 behalf of Hicks and the minority shareholders, asked Sam to
14 prepare the document, to get the company set up.

15 MR. SHOOK: Alright. Your Honor, the Bureau moves
16 for admission of Exhibit 46.

17 THE COURT: Any objection?

18 MR. GUZMAN: None, Your Honor.

19 MR. HALL: None, Your Honor.

20 THE COURT: Exhibit 46 is received.

21 (The document referred to was
22 marked for identification as
23 Mass Media Bureau Exhibit 46,
24 and was received in evidence.)

25 BY MR. SHOOK:

1 Q Mr. Watson, could you turn to Exhibit 47, in
2 particular, page 9? Did you receive a copy of the letter
3 marked as Mass Bureau Exhibit 47, page 9?

4 A I really don't ever remember seeing it. I could
5 have. I don't know. I noticed it's not signed.

6 Q Right. I noticed that. You had mentioned,
7 though, Samuel Thompson. Is that the person that you were
8 working with at Barnes and Thornburg?

9 A Yes, it is.

10 Q And that's the person you engaged to prepare
11 documents on behalf of Hicks Broadcasting of Indiana, LLC?

12 A Yes.

13 Q And when you engaged Barnes and Thornburg, you
14 were doing so on behalf of Hicks Broadcasting of Indiana,
15 LLC?

16 A Yeah. Them -- yeah. Them and -- them and the
17 minority members because again, the Operating Agreement
18 controls the entities. So, I mean, I had to -- I was
19 looking at that from the standpoint of the minority members.

20 Q Right. Now, in terms of what Barnes and Thornburg
21 did, though, they did more than simply prepare the Operating
22 Agreement, didn't they? They prepared the organizational
23 documents.

24 A Oh, okay, yeah. But that's all part of it. I
25 mean, that is -- the organizational documents are minor.

1 Q Now, you yourself didn't have any interest in
2 Hicks Broadcasting of Indiana, LLC when the representation
3 was engaged, did you?

4 A No. You mean personal interest, right?

5 Q Yes, sir.

6 A No.

7 Q And your testimony would be that Mr. Hicks agreed
8 to your engaging Barnes and Thornburg?

9 A Oh, yes.

10 Q Please turn to Mass Media Bureau Exhibit Number
11 48. Now, first of all, are your signatures the ones that
12 appear on pages 1 and 2?

13 A Yes.

14 Q Were you the author of the document that appears
15 as page 2?

16 A Yes.

17 Q Is there any particular reason why there's an
18 approximate two-week gap between the date that appears on
19 page 1 and the date that appears on page 2?

20 A No, not really other than -- I can't remember why,
21 other than it may have -- no. I really don't know why there
22 was any gap.

23 Q Now, with respect to the memo that appears on page
24 2, it says, "To the files." Was this memo sent to -- you
25 know, what does this mean, "to the files?"